

FINANCIAL SUPPLEMENT

Fourth Quarter 2021

February 16, 2022

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1. COWEN INC.

Revenue Metrics (Non-GAAP Unaudited) - Cowen Inc.

\$ thousands	2019	2020					2021				
	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
INVESTMENT BANKING REVENUE	\$351,085	\$99,197	\$190,430	\$185,151	\$254,402	\$729,180	\$293,488	\$214,427	\$262,618	\$255,155	\$1,025,688
Advisory Revenue	\$132,188	\$33,472	\$55,694	\$62,098	\$137,782	\$289,046	\$132,848	\$128,360	\$175,744	\$165,288	\$602,240
M&A											
Revenue	\$83,152	\$19,773	\$30,983	\$32,476	\$87,669	\$170,901	\$55,655	\$85,009	\$103,326	\$89,733	\$333,723
Total transactions	48	12	9	10	17	48	10	29	25	31	95
Average fee (implied)	1,732	\$1,648	\$3,443	\$3,248	\$5,157	3,560	\$5,566	\$2,931	\$4,133	\$2,895	3,513
Median fee	\$1,008	\$1,201	\$1,295	\$1,685	\$2,800	\$1,723	\$1,580	\$1,050	\$1,730	\$2,100	\$1,541
Transaction value (in M)	\$10,443	\$1,114	\$4,742	\$6,011	\$25,641	\$37,508	\$11,866	\$21,029	\$10,395	\$5,585	\$48,875
Capital Markets Advisory ¹											
Revenue	\$49,036	\$13,699	\$24,711	\$29,622	\$50,113	\$118,145	\$77,193	\$43,351	\$72,418	\$75,555	\$268,517
Total transactions	27	7	7	11	12	37	15	18	31	17	81
Average fee (implied)	\$1,816	\$1,957	\$3,530	\$2,693	\$4,176	\$3,193	\$5,146	\$2,408	\$2,336	\$4,444	\$3,315
Median fee	\$900	\$1,350	\$1,880	\$2,250	\$3,465	\$2,225	\$2,450	\$1,310	\$1,500	\$1,500	\$1,880
Underwriting Revenue ²											
Revenue	\$218,897	\$65,725	\$134,736	\$123,053	\$116,620	\$440,135	\$160,640	\$86,067	\$86,874	\$89,867	\$423,448
Total transactions	114	24	48	50	44	166	63	40	46	44	193
Average fee (implied)	\$1,920	\$2,739	\$2,807	\$2,461	\$2,650	\$2,651	\$2,550	\$2,152	\$1,889	\$2,042	\$2,194
Median fee	\$1,477	\$2,309	\$2,206	\$2,033	\$1,690	\$2,007	\$1,825	\$1,740	\$1,457	\$1,289	\$1,825
BROKERAGE REVENUE	\$459,143	\$132,672	\$167,067	\$167,084	\$185,824	\$652,647	\$221,848	\$175,845	\$160,486	\$170,347	\$728,525
Institutional brokerage ³	\$323,965	\$97,961	\$119,064	\$113,313	\$132,344	\$462,682	\$156,157	\$119,783	\$112,944	\$124,026	\$512,910
Institutional services	\$135,178	\$34,711	\$48,003	\$53,771	\$53,480	\$189,965	\$65,691	\$56,062	\$47,542	\$46,321	\$215,615
Prime Services Management Fees ⁴	\$2,996	\$826	\$647	\$802	\$792	\$3,067	\$782	\$923	\$941	\$926	\$3,572
Miscellaneous Markets Fees ⁴	\$3,414	(\$1,113)	\$1,448	(\$445)	\$1,730	\$1,620	(\$631)	\$627	\$13	\$2,098	\$2,108
Total Markets Revenue ⁴	\$465,553	\$132,385	\$169,162	\$167,441	\$188,346	\$657,334	\$221,999	\$177,395	\$161,440	\$173,371	\$734,205
Markets revenue per trading day	\$1,847	\$2,135	\$2,685	\$2,616	\$2,943	\$2,598	\$3,639	\$2,816	\$2,523	\$2,709	\$2,914
# Trading days	252	62	63	64	64	253	61	63	64	64	252
# Publishing analysts ⁵	52	53	54	54	53	53	51	51	55	59	59
MANAGEMENT FEE	\$42,297	\$13,320	\$14,402	\$14,636	\$16,742	\$59,100	\$27,200	\$18,124	\$15,034	\$20,096	\$80,455
Monthly run rate for period	\$3,525	\$4,440	\$4,801	\$4,879	\$5,581	\$4,925	\$9,067	\$6,041	\$5,011	\$6,699	\$6,705
INCENTIVE INCOME	\$45,732	(\$4,086)	\$46,375	(\$1,302)	\$44,375	\$85,362	\$108,711	(\$31,052)	(\$57,735)	\$13,502	\$33,426
INVESTMENT INCOME	\$35,726	\$(31,103)	\$140,486	\$(90,488)	\$10,328	\$29,223	\$35,008	\$5,478	\$(20,027)	\$(5,903)	\$14,556
OTHER REVENUE	\$5,843	\$562	\$(60)	\$(794)	\$1,074	\$782	\$1,163	\$7,307	\$(1,321)	\$791	\$7,940
TOTAL REVENUE⁶	\$939,827	\$210,562	\$558,700	\$274,287	\$512,745	\$1,556,294	\$687,418	\$390,129	\$359,055	\$453,988	\$1,890,590

1) "Capital Markets Advisory" includes private placements, PIPEs, private debt financings, debt advisory and other advisory fees

2) "Capital Markets Underwriting" includes IPOs, secondary offerings, convertible bonds, ATM offerings and publicly rated debt

3) "Institutional Brokerage" includes: cash and electronic trading, options, ADR, special situations and credit; "Institutional Services" includes: prime services, clearing, securities finance, commission management and recapture.

4) "Markets Revenue" includes brokerage revenue as well as management fees for prime services and miscellaneous fees presented in management fees and other revenue in economic income (loss) respectively

5) Includes equity, credit and macro publishing analysts

6) Total revenue is the sum of investment banking, brokerage, management fee, incentive income, investment income and other revenue

Summary Operating and Other Financial Information (Non-GAAP Unaudited) - Cowen Inc.

	2019	2020					2021				
	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
SUMMARY ECONOMIC INCOME DATA (\$ thousands)											
Economic proceeds	\$939,827	\$210,562	\$558,700	\$274,287	\$512,745	\$1,556,291	\$687,418	\$390,129	\$359,055	\$453,988	\$1,890,590
Pre-tax economic income (loss) ¹	\$50,490	\$(10,882)	\$162,962	\$33,460	\$134,498	\$320,038	\$196,831	\$67,202	\$55,272	\$108,908	\$428,214
Economic income tax expense	\$0	\$0	\$0	\$0	\$0	\$0	\$52,751	\$18,010	\$13,855	\$24,579	\$109,194
Economic income (loss) ²	\$43,698	\$(12,580)	\$161,264	\$31,762	\$132,800	\$313,245	\$142,382	\$47,494	\$39,719	\$82,631	\$312,228
Economic operating income (loss) ²	\$64,137	\$(7,145)	\$166,927	\$37,437	\$138,705	\$335,922	\$145,568	\$50,836	\$43,272	\$86,708	\$326,386
RETURN ON AVERAGE COMMON EQUITY											
Annualized return on average common equity ³	9.0 %	(4.1)%	90.0 %	18.6 %	66.1 %	43.4 %	62.2 %	21.7 %	17.5 %	34.7 %	34.6 %
PER COMMON SHARE INFORMATION											
Economic income per share (basic)	\$1.48	\$(0.44)	\$5.76	\$1.15	\$4.93	\$11.54	\$5.20	\$1.77	\$1.38	\$2.98	\$11.16
Economic Income per share (diluted)	\$1.40	\$(0.44)	\$5.50	\$1.06	\$4.38	\$10.86	\$4.24	\$1.40	\$1.21	\$2.64	\$9.57
Economic operating income per share (basic)	\$2.17	\$(0.25)	\$5.97	\$1.35	\$5.15	\$12.35	\$5.32	\$1.89	\$1.50	\$3.13	\$11.66
Economic operating income per share (diluted)	\$2.05	\$(0.25)	\$5.69	\$1.25	\$4.58	\$11.63	\$4.34	\$1.50	\$1.32	\$2.77	\$10.00
NON-INTEREST EXPENSES (EX. D&A)											
Compensation expenses	\$537,535	\$125,707	\$305,082	\$153,786	\$279,947	\$864,520	\$388,397	\$220,413	\$202,888	\$238,904	\$1,050,601
Non-compensation expenses	\$298,540	\$80,784	\$75,683	\$72,127	\$83,930	\$312,523	\$89,336	\$87,866	\$88,394	\$94,168	\$359,764
Fixed non-compensation expenses (ex. D&A) ⁴	\$142,864	\$35,961	\$33,984	\$33,101	\$38,948	\$141,994	\$35,623	\$40,376	\$40,344	\$43,873	\$160,215
Variable non-compensation expenses ⁴	\$155,674	\$44,823	\$41,699	\$39,026	\$44,982	\$170,529	\$53,713	\$47,490	\$48,050	\$50,295	\$199,549
Floor brokerage & trade execution expenses	\$102,337	\$32,666	\$34,795	\$33,603	\$37,470	\$138,534	\$45,480	\$38,695	\$33,476	\$35,641	\$153,292
Client services & business development expenses	\$41,305	\$9,371	\$1,824	\$1,522	\$2,717	\$15,435	\$2,694	\$3,404	\$5,227	\$7,184	\$18,508
Other variable non-compensation expenses	\$12,032	\$2,786	\$5,080	\$3,901	\$4,795	\$16,561	\$5,539	\$5,391	\$9,347	\$7,470	\$27,749
DEPRECIATION & AMORTIZATION											
Depreciation	\$7,310	\$2,240	\$2,389	\$3,227	\$2,598	\$10,454	\$2,565	\$2,671	\$2,870	\$2,917	\$11,023
Amortization	\$13,122	\$3,194	\$3,274	\$2,448	\$3,307	\$12,223	\$1,789	\$1,894	\$1,926	\$2,372	\$7,981
EXPENSE RATIOS											
Compensation to revenue ratio	57.2 %	59.7 %	54.6 %	56.1 %	54.6 %	55.6 %	56.5 %	56.5 %	56.5 %	52.6 %	55.6 %
Non-compensation expenses to revenue ratio	31.8 %	38.4 %	13.5 %	26.3 %	16.4 %	20.1 %	13.0 %	22.5 %	24.6 %	20.7 %	19.0 %
Fixed non-compensation expense to revenue ratio (ex. D&A)	15.2 %	17.1 %	6.1 %	12.1 %	7.6 %	9.1 %	5.2 %	10.3 %	11.2 %	9.7 %	8.5 %
Variable non-compensation expense to revenue ratio	16.6 %	21.3 %	7.5 %	14.2 %	8.8 %	11.0 %	7.8 %	12.2 %	13.4 %	11.1 %	10.6 %

1) Pre-tax economic income (loss) excludes preferred dividend payments

2) Economic Income (Loss) is calculated net of associated taxes. The Company has utilized all available federal net operating losses not subject to limitation during 2020.

3) See "Return on Common Equity (ROCE) Definition" page

4) Starting in Q321, a portion of our legal fees which are directly associated with revenues are now being presented as variable non-compensation expenses rather than fixed non-compensation expenses. As a result, variable expenses increased from what was previously reported by \$6.0 million, \$4.6 million and \$3.8 million for the nine months ended September 30, 2021, FY2020 and FY2019, respectively, while fixed non-compensation expenses were reduced by the same amounts.

Summary Operating and Other Financial Information (Non-GAAP Unaudited) - Cowen Inc.

	2019	2020					2021				
	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
INVESTED CAPITAL BREAKDOWN¹											
Operating Co ²	\$530,739	\$539,867	\$711,762	\$784,204	\$722,758	\$689,648	\$800,026	\$831,569	\$677,578	\$734,705	\$760,970
Asset Co	\$155,849	\$126,683	\$124,421	\$127,713	\$131,030	\$127,462	\$128,501	\$126,189	\$120,187	\$121,249	\$124,032
Total invested capital	\$686,588	\$666,550	\$836,183	\$911,917	\$853,788	\$817,110	\$928,527	\$957,758	\$797,765	\$855,954	\$855,954
SUMMARY STOCKHOLDERS' EQUITY INFORMATION											
Stockholders' Equity	\$809,855	\$784,803	\$901,685	\$911,180	\$969,495	\$969,495	\$1,106,865	\$1,097,344	\$1,083,127	\$1,015,869	\$1,015,869
Less:											
Preferred Stock	\$101,316	\$101,316	\$101,316	\$101,316	\$101,316	\$101,316	\$101,316	\$101,316	\$101,316	\$0	\$0
Common Equity	\$708,539	\$683,487	\$800,369	\$809,864	\$868,179	\$868,179	\$1,005,549	\$996,028	\$981,811	\$1,015,869	\$1,015,869
Book value per share	\$24.77	\$24.74	\$28.96	\$30.48	\$32.34	\$32.34	\$37.45	\$34.35	\$35.40	\$36.57	\$36.57
Tangible book value per per share	\$18.72	\$18.60	\$22.94	\$24.32	\$25.95	\$25.95	\$30.92	\$28.35	\$29.17	\$26.56	\$26.56
OTHER DATA											
Common shares outstanding (end of period)	28,610	27,628	27,642	26,569	26,846	26,846	26,852	28,996	27,735	27,779	27,779
Common shares outstanding (weighted average)											
Basic	29,525	28,598	27,983	27,663	26,934	27,790	27,359	26,903	28,864	27,731	27,721
Diluted	31,286	28,598	29,316	29,970	30,316	29,519	33,565	33,858	32,724	31,355	32,628
Employees, end of period	1,291	1,312	1,294	1,330	1,362	1,362	1,406	1,449	1,500	1,534	1,534
LTM revenues per average employees (thousands)	\$ 780	\$ 727	\$ 975	\$ 984	\$ 1,173	\$ 1,173	\$ 1,496	\$ 1,360	\$ 1,378	\$ 1,306	\$ 1,308

1) Full year invested capital is the quarterly average for the respective period

2) Starting in 3Q21, excess operating cash has been removed from Operating Co. Invested Capital

Reconciliation of US GAAP and Economic Income (Non-GAAP Unaudited) Three Months Ending December 31, 2021

(Dollars amounts in thousands)

	US GAAP		Reclassifications and Adjustments				Economic Income		
	Net income (loss)	Management Reclassifications		Fund Consolidation Reclassifications (l)	Income Statement Adjustments	Total Economic Income/ (Loss)	Operating Company	Asset Company	
Revenues									
Investment banking	\$ 263,815	\$ (8,660)	(a) (b)	\$ —	\$ —	\$ 255,155	\$ 255,155	\$ —	
Brokerage	140,994	29,353	(c)(d)(i)	—	—	170,347	170,347	—	
Management fees	16,216	3,827	(d)(e)(f)	53	—	20,096	19,807	289	
Incentive income (loss)	299	13,323	(d)(e)(f)	(120)	—	13,502	13,508	(6)	
Investment income (loss)	12,511	(17,299)	(g)(i)	(1,115)	—	(5,903)	(8,553)	2,650	
Interest and dividends	51,753	(51,753)	(c)(g)(i)	—	—	—	—	—	
Reimbursement from affiliates	—	—	(b)	—	—	—	—	—	
Insurance and reinsurance premiums	8,435	(8,435)	(h)	—	—	—	—	—	
Other revenues, net	2,599	(1,808)	(d)(g)(h)	—	—	791	792	(1)	
Consolidated Funds revenues	(2,342)	—		2,342	—	—	—	—	
Total revenues	494,280	(41,452)		1,160	—	453,988	451,056	2,932	
Interest expense (Economic Income/(Loss)) / Interest and dividend expense (US GAAP)	47,638	(42,029)	(c)(g)(i)	—	(32)	5,577	4,879	698	
Total net revenues	446,642	577		1,160	32	448,411	446,177	2,234	
Expenses									
Compensation & benefits	237,303	1,601	(j)(k)	—	—	238,904	246,170	(7,266)	
Fixed non-compensation expense	—	50,153	(e)(*)	—	(6,280)	43,873	43,704	169	
Variable non-compensation expense	—	50,295	(*)	—	—	50,295	50,290	5	
Other non-compensation expense	130,635	(118,195)	(a)(b)(d)(g) (h)(j)(*)	—	(12,440)	—	—	—	
Depreciation & amortization	5,289	—		—	—	5,289	5,282	7	
Non-controlling interest	—	1,142	(k)	—	—	1,142	1,142	—	
Consolidated Funds expenses	111	—		(111)	—	—	—	—	
Total expenses	373,338	(15,004)		(111)	(18,720)	339,503	346,588	(7,085)	
Other income (loss)	11,853	(11,853)	(e)(f)(g)(i)	—	—	—	—	—	
Income (loss) before income taxes/ Pre-tax Economic Income (loss)	85,157	3,728		1,271	18,752	108,908	99,589	9,319	
Income taxes expense / (benefit)	25,175	—		—	(596)	24,579	22,090	2,489	
Income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	(4,999)	3,728	(k)	1,271	—	—	—	—	
Income (loss) attributable to Cowen Inc.	64,981	—		—	19,348	84,329	77,499	6,830	
Less: Preferred stock dividends	1,698	—		—	—	1,698	1,477	221	
Income (loss) attributable to Cowen Inc. common stockholders/ Economic Income (Loss)	\$ 63,283	\$ —		\$ —	\$ 19,348	\$ 82,631	76,022	6,609	
Add back: Depreciation and amortization expense						4,077	4,072	5	
Economic Operating Income (Loss)						\$ 86,708	\$ 80,094	\$ 6,614	

Reconciliation of US GAAP and Economic Income (Non-GAAP Unaudited) Three Months Ending December 31, 2020

(Dollars amounts in thousands)

	US GAAP		Reclassifications and Adjustments				Economic Income		
	Net income (loss)	Management Reclassifications	Fund Consolidation Reclassifications (l)	Income Statement Adjustments	Total Economic Income/(Loss)	Operating Company	Asset Company		
Revenues									
Investment banking	\$ 266,135	\$ (11,733)	(a)(b)(i)	\$ —	\$ —	\$ 254,402	\$ 254,402	\$ —	
Brokerage	132,971	52,853	(c)(i)	—	—	185,824	185,824	—	
Management fees	12,304	2,899	(d)(e)	1,539	—	16,742	16,430	312	
Incentive income (loss)	465	43,910	(e)(f)	—	—	44,375	42,606	1,769	
Investment income (loss)	97,214	(90,546)	(g)(i)	3,660	—	10,328	5,220	5,108	
Interest and dividends	59,912	(59,912)	(c)(g)(i)	—	—	—	—	—	
Reimbursement from affiliates	—	—	(b)	—	—	—	—	—	
Insurance and reinsurance premiums	11,204	(11,204)	(g)	—	—	—	—	—	
Other revenues, net	5,245	(4,153)	(h)	(18)	—	1,074	1,073	1	
Consolidated Funds revenues	6,273	—	(d)(g)(h)	(6,273)	—	—	—	—	
Total revenues	591,723	(77,886)		(1,092)	—	512,745	505,555	7,190	
Interest expense (Economic Income/(Loss)) / Interest and dividend expense (US GAAP)	61,875	(53,613)	(c)(g)(i)	—	(1,105) (m)	7,157	6,048	1,109	
Total net revenues	529,848	(24,273)		(1,092)	1,105	505,588	499,507	6,081	
Expenses									
Compensation & benefits	277,394	2,553	(j)(k)	—	—	279,947	278,273	1,674	
Fixed non-compensation expense	—	45,660	(e)(*)	—	(6,713) (n)	38,947	38,998	(51)	
Variable non-compensation expense	—	44,983	(*)	—	—	44,983	44,978	5	
Other non-compensation expense	117,079	(117,079)	(a)(b)(d)(g)(h)(j)(*)	—	—	—	—	—	
Depreciation & amortization	5,353	—	—	—	552	5,905	5,900	5	
Non-controlling interest	—	1,308	(k)	—	—	1,308	1,308	—	
Consolidated Funds expenses	616	—	—	(616)	—	—	—	—	
Total expenses	400,442	(22,575)		(616)	(6,161)	371,090	369,457	1,633	
Other income (loss)	11,089	(8,370)	(e)(f)(g)(i)	—	(2,719)	—	—	—	
Income (loss) before income taxes/ Pre-tax Economic Income (loss)	140,495	(10,068)		(476)	4,547	134,498	130,050	4,448	
Income taxes expense / (benefit)	37,784	—		—	(37,784) (o)	—	—	—	
Income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	10,544	(10,068) (k)		(476)	—	—	—	—	
Income (loss) attributable to Cowen Inc.	92,167	—		—	42,331	134,498	130,050	4,448	
Less: Preferred stock dividends	1,698	—	—	—	—	1,698	1,443	255	
Income (loss) attributable to Cowen Inc. common stockholders/Economic Income (Loss)	\$ 90,469	\$ —		\$ —	\$ 42,331	132,800	128,607	4,193	
Add back: Depreciation and amortization expense	—	—	—	—	—	5,905	5,900	5	
Economic Operating Income (Loss)						\$ 138,705	\$ 134,507	\$ 4,198	

Reconciliation of US GAAP and Economic Income (Non-GAAP Unaudited) Year Ended December 31, 2021

(Dollars amounts in thousands)

	US GAAP		Reclassifications and Adjustments				Economic Income		
	Net income (loss)	Management Reclassifications	Fund Consolidation Reclassifications (l)	Income Statement Adjustments	Total Economic Income/ (Loss)	Operating Company	Asset Company		
Revenues									
Investment banking	\$ 1,067,162	\$ (41,474) (a) (b)	\$ —	\$ —	\$ 1,025,688	\$ 1,025,688	\$ —		
Brokerage	585,162	143,363 (c)(d)(i)	—	—	728,525	728,525	—		
Investment income (loss)	127,507	(108,993) (g)(i)	(3,958)	—	14,556	8,542	6,014		
Management fees	72,287	5,952 (d)(e)(f)	2,216	—	80,455	79,255	1,200		
Incentive income (loss)	2,732	30,794 (d)(e)(f)	(100)	—	33,426	34,579	(1,153)		
Interest and dividends	219,292	(219,292) (c)(g)(i)	—	—	—	—	—		
Reimbursement from affiliates	—	— (b)	—	—	—	—	—		
Insurance and reinsurance premiums	39,631	(39,631) (h)	—	—	—	—	—		
Other revenues, net	5,211	2,729 (d)(g)(h)	—	—	7,940	7,942	(2)		
Consolidated Funds revenues	(6,185)	—	6,185	—	—	—	—		
Total revenues	2,112,799	(226,552)	4,343	—	1,890,590	1,884,531	6,059		
Interest and dividend expense	211,387	(176,533) (c)(g)(i)	—	(7,161) (m)(p)	27,693	23,914	3,779		
Total net revenues	1,901,412	(50,019)	4,343	7,161	1,862,897	1,860,617	2,280		
Expenses									
Compensation & benefits	1,046,371	4,230 (j)(k)	—	—	1,050,601	1,046,730	3,871		
Fixed non-compensation expense	—	167,817 (e),(*)	—	(7,602) (n)	160,215	160,053	162		
Variable non-compensation expense	—	199,549 (*)	—	—	199,549	199,524	25		
Other non-compensation expense	464,188	(449,070) (a)(b)(d)(g)(h)(j)(*)	—	(15,118) (n)	—	—	—		
Depreciation & amortization	19,004	—	—	—	19,004	18,982	22		
Non-controlling interest	—	5,314 (k)	—	—	5,314	5,314	—		
Consolidated Funds expenses	630	—	(630)	—	—	—	—		
Total expenses	1,530,193	(72,160)	(630)	(22,720)	1,434,683	1,430,603	4,080		
Other income (loss)	34,811	(35,494) (e)(f)(g)(i)	—	683 (n)(p)	—	—	—		
Income (loss) before income taxes/ Pre-tax Economic Income (loss)	406,030	(13,353)	4,973	30,564	428,214	430,014	(1,800)		
Income taxes expense / (benefit)	102,039	—	—	7,155 (o)	109,194	109,654	(460)		
Income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	8,380	(13,353) (k)	4,973	—	—	—	—		
Income (loss) attributable to Cowen Inc.	\$ 295,611	\$ —	\$ —	\$ 23,409	319,020	\$ 320,360	\$ (1,340)		
Less: Preferred stock dividends	6,792	—	—	—	6,792	5,841	951		
Income (loss) attributable to Cowen Inc. common stockholders/ Economic Income (Loss)	\$ 288,819	\$ —	\$ —	\$ 23,409	312,228	\$ 314,519	\$ (2,291)		
Add back: Depreciation and amortization expense					14,158	14,142	16		
Economic Operating Income (Loss)					\$ 326,386	\$ 328,661	\$ (2,275)		

Reconciliation of US GAAP and Economic Income (Non-GAAP Unaudited) Year Ended December 31, 2020

(Dollars amounts in thousands)

	US GAAP		Reclassifications and Adjustments		Economic Income		
	Net income (loss)	Management Reclassifications	Fund Consolidation Reclassifications (l)	Income Statement Adjustments	Total Economic Income/(Loss)	Operating Company	Asset Company
Revenues							
Investment banking	\$ 769,486	\$ (40,306) (a)(b)(i)	\$ —	\$ —	\$ 729,180	\$ 729,180	\$ —
Brokerage	524,361	128,286 (c)(i)	—	—	652,647	652,647	—
Investment income (loss)	204,351	(177,090) (g)(i)	1,961	—	29,222	37,786	(8,564)
Management fees	47,515	8,570 (d)(e)	3,015	—	59,100	58,154	946
Incentive income (loss)	592	84,770 (e)(f)	—	—	85,362	83,435	1,927
Interest and dividends	187,459	(187,459) (c)(g)(i)	—	—	—	—	—
Reimbursement from affiliates	—	— (b)	—	—	—	—	—
Insurance and reinsurance premiums	30,147	(30,147) (h)	—	—	—	—	—
Other revenues, net	10,503	(9,733) (d)(g)(h)	10	—	780	775	5
Consolidated Funds revenues	(18,488)	—	18,488	—	—	—	—
Total revenues	1,755,926	(223,109)	23,474	—	1,556,291	1,561,977	(5,686)
Interest expense (Economic Income/(Loss)) / Interest and dividend expense (US GAAP)	187,725	(153,584) (c)(g)(i)	—	(4,499) (m)	29,642	24,519	5,123
Total net revenues	1,568,201	(69,525)	23,474	4,499	1,526,649	1,537,458	(10,809)
Expenses							
Compensation & benefits	860,531	3,989 (j)(k)	—	—	864,520	860,753	3,767
Fixed non-compensation expense	—	153,514 (e)(*)	—	(11,521) (n)	141,993	141,665	328
Variable non-compensation expense	—	170,530 (*)	—	—	170,530	170,508	22
Other non-compensation expense	403,745	(403,745) (a)(b)(d)(g)(h)(j)(*)	—	—	—	—	—
Depreciation & amortization	22,677	—	—	— (r)	22,677	22,655	22
Non-controlling interest	—	6,892 (k)	—	—	6,892	6,892	—
Goodwill impairment	—	—	—	—	—	—	—
Consolidated Funds expenses	5,409	—	(5,409)	—	—	—	—
Total expenses	1,292,362	(68,820)	(5,409)	(11,521)	1,206,612	1,202,473	4,139
Other income (loss)	21,598	(18,879) (e)(f)(g)(i)	—	(2,719)	—	—	—
Income (loss) before income taxes/ Pre-tax Economic Income (loss)	297,437	(19,584)	28,883	13,301	320,037	334,985	(14,948)
Income taxes expense / (benefit)	90,373	—	—	(90,373) (o)	—	—	—
Income (loss) attributable to non-controlling interests in consolidated subsidiaries and investment funds	(9,299)	(19,584) (k)	28,883	—	—	—	—
Income (loss) attributable to Cowen Inc.	216,363	—	—	103,674	320,037	334,985	(14,948)
Less: Preferred stock dividends	6,792	—	—	—	6,792	5,604	1,188
Income (loss) attributable to Cowen Inc. common stockholders/ Economic Income (Loss)	\$ 209,571	\$ —	\$ —	\$ 103,674	313,245	329,381	(16,136)
Add back: Depreciation and amortization expense	—	—	—	—	22,677	22,655	22
Economic Operating Income (Loss)					\$ 335,922	\$ 352,036	\$ (16,114)

COWEN

Adjustments Made to US GAAP Net Income (Loss) to Arrive at Economic Income (Loss)

Management Reclassifications

Management reclassification adjustments and fund consolidation reclassification adjustments have no effect on economic income. These adjustments are reclassifications to change the location of certain line items.

- a Underwriting expenses: Economic Proceeds presents investment banking revenues net of underwriting expenses.
- b Reimbursable client expenses: Economic Proceeds presents expenses reimbursed from clients and affiliates within their respective expense category but is included as a part of revenues under US GAAP.
- c Securities financing interest expense: Brokerage within Economic Proceeds included net securities borrowed and securities loaned activities which are shown gross in interest income and interest expense for US GAAP.
- d Fund start-up costs, distribution and other fees: Economic Proceeds and Economic Interest Expense are net of fund start-up costs and distribution fees paid to agents and other debt service costs.
- e Certain equity method investments: Economic Proceeds and Economic Expenses recognize the Company's proportionate share of management and incentive fees and associated share of expenses on a gross basis for equity method investments within the activist business, real estate operating entities and the healthcare royalty business. The Company applies the equity method of accounting to these entities and accordingly the results from these businesses are recorded within Other Income (Loss) for US GAAP.
- f Carried interest: The Company applies an equity ownership model to carried interest which is recorded in Investment income - Carried interest allocation for US GAAP. The Company presents carried interest as Incentive Income Economic Proceeds.
- g Proprietary trading, interest and dividends: Economic Proceeds presents interest and dividends from the Company's proprietary trading in investment income.
- h Insurance related activities expenses: Economic Proceeds presents underwriting income from the Company's insurance and reinsurance related activities, net of expenses, within other revenue. The costs are recorded within expenses for US GAAP reporting.
- i Facilitation trading gains and losses: Economic Brokerage Proceeds presents gains and losses on investments held as part of the Company's facilitation and trading business within brokerage revenues as these investments are directly related to the markets business activities while these are presented in
- j Associated partner/banker compensation reclassification: Economic Compensation Expense presents certain payments to associated banking partners as compensation rather than non-compensation expenses.
- k Management company non-controlling interest: Economic Expenses non-controlling interest represents only operating entities that are not wholly owned by the Company. The Company also presents non-controlling interests within total expenses for Economic Income (Loss).
- * US GAAP other non-compensation expenses are presented as fixed non-compensation and variable non-compensation for Economic Income (Loss) reporting.

Fund Consolidation Reclassifications

- l The impacts of consolidation and the related elimination entries of the Consolidated Funds are not included in Economic Income (Loss). Adjustments to reconcile to US GAAP Net Income (Loss) included elimination of incentive income and management fees earned from the Consolidated Funds and addition of investment fund expenses excluding management fees paid, investment fund revenues and investment income (loss).

Income Statement Adjustments

- m Pre-tax Economic Income (Loss) excludes the amortization of discount (premium) on debt.
- n Pre-tax Economic Income (Loss) excludes acquisition related adjustments (including bargain purchase gain and contingent liability adjustments).
- o Pre-tax Economic Income (Loss) excludes US GAAP income taxes.
- p Pre-tax Economic Income (Loss) excludes gain/(loss) on debt extinguishment and accelerated debt costs.
- q Pre-tax Economic income (Loss) excludes preferred stock dividends.
- r Economic Income (Loss) excludes goodwill and other impairments.

2. OPERATING CO

Revenue Metrics (Non-GAAP Unaudited) - Operating Co

\$ thousands	2019	2020					2021				
	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
INVESTMENT BANKING REVENUE	\$351,085	\$99,197	\$190,430	\$185,151	\$254,402	\$729,180	\$293,488	\$214,427	\$262,618	\$255,155	\$1,025,688
Advisory Revenue	\$132,188	\$33,472	\$55,694	\$62,098	\$137,782	\$289,046	\$132,848	\$128,360	\$175,744	\$165,288	\$602,240
M&A											
Revenue	\$83,152	\$19,773	\$30,983	\$32,476	\$87,669	\$170,901	\$55,655	\$85,009	\$103,326	\$89,733	\$333,723
Total transactions	48	12	9	10	17	48	10	28	25	31	95
Average fee (implied)	\$1,732	\$1,648	\$3,443	\$3,248	\$5,157	\$3,560	\$5,566	\$3,036	\$4,133	\$2,895	\$3,513
Median fee	\$1,008	\$1,201	\$1,295	\$1,685	\$2,800	\$1,723	\$1,580	\$1,050	\$1,730	\$2,100	\$1,541
Transaction value (in M)	\$10,443	\$1,114	\$4,742	\$6,011	\$25,641	\$37,508	\$11,866	\$21,029	\$10,395	\$5,585	\$48,875
Capital Markets Advisory ¹											
Revenue	\$49,036	\$13,699	\$24,711	\$29,622	\$50,113	\$118,145	\$77,193	\$43,351	\$72,418	\$75,555	\$268,517
Total transactions	27	7	7	11	12	37	15	18	31	17	81
Average fee (implied)	\$1,816	\$1,957	\$3,530	\$2,693	\$4,176	\$3,193	\$5,146	\$2,408	\$2,336	\$4,444	\$3,315
Median fee	\$900	\$1,350	\$1,880	\$2,250	\$3,465	\$2,225	\$2,238	\$1,310	\$1,500	\$1,500	\$1,880
Underwriting Revenue ²											
Revenue	\$218,897	\$65,725	\$134,736	\$123,053	\$116,620	\$440,135	\$160,640	\$86,067	\$86,874	\$89,867	\$423,448
Total transactions	114	24	48	50	44	166	63	40	46	44	193
Average fee (implied)	\$1,920	\$2,739	\$2,807	\$2,461	\$2,650	\$2,650	\$2,550	\$2,152	\$1,889	\$2,042	\$2,194
Median fee	\$1,477	\$2,309	\$2,206	\$2,033	\$1,690	\$2,007	\$1,952	\$1,740	\$1,457	\$1,289	\$1,825
BROKERAGE REVENUE	\$459,143	\$132,672	\$167,067	\$167,084	\$185,824	\$652,647	\$221,848	\$175,845	\$160,486	\$170,347	\$728,525
Institutional brokerage ³	\$323,965	\$97,961	\$119,064	\$113,313	\$132,344	\$462,682	\$156,157	\$119,783	\$112,944	\$124,026	\$512,910
Institutional services	\$135,178	\$34,711	\$48,003	\$53,771	\$53,480	\$189,965	\$65,691	\$56,062	\$47,542	\$46,321	\$215,615
Prime Services Management Fees ⁴	\$2,996	\$826	\$647	\$802	\$792	\$3,067	\$782	\$923	\$941	\$926	\$3,572
Miscellaneous Markets Fees ⁴	\$3,414	(\$1,113)	\$1,448	(\$445)	\$1,730	\$1,620	(\$631)	\$627	\$13	\$2,098	\$2,108
Total Markets Revenue ⁴	\$465,553	\$132,385	\$169,162	\$167,441	\$188,346	\$657,334	\$221,999	\$177,395	\$161,440	\$173,371	\$734,205
Markets revenue per trading day	\$1,847	\$2,135	\$2,685	\$2,616	\$2,931	\$2,598	\$3,524	\$2,816	\$2,523	\$2,709	\$2,914
# Trading days	252	62	63	64	64	253	63	63	64	64	252
# Publishing analysts ⁵	52	53	54	54	53	53	51	51	55	59	59
MANAGEMENT FEE	\$40,321	\$13,116	\$14,234	\$14,374	\$16,430	\$58,154	\$26,884	\$17,825	\$14,739	\$19,807	\$79,255
Monthly run rate for period	\$3,360	\$4,372	\$4,745	\$4,791	\$5,477	\$4,846	\$8,961	\$5,942	\$4,913	\$6,602	\$13,209
INCENTIVE INCOME	\$44,600	-\$1,942	\$45,392	(\$2,621)	\$42,606	\$83,435	\$109,925	\$(31,566)	\$(57,288)	\$13,508	\$34,579
INVESTMENT INCOME	\$32,615	\$(19,449)	\$142,379	\$(90,364)	\$5,220	\$37,786	\$31,918	\$5,595	\$(20,418)	\$(8,553)	\$8,542
OTHER REVENUE	\$5,785	\$562	\$(62)	\$(796)	\$1,073	\$777	\$1,164	\$7,307	\$(1,320)	\$792	\$7,942
TOTAL REVENUE⁶	\$933,550	\$224,156	\$559,440	\$272,828	\$505,555	\$1,561,979	\$685,227	\$389,433	\$358,817	\$451,056	\$1,884,531

1) "Capital Markets Advisory" includes private placements, PIPEs, private debt financings, debt advisory and other advisory fees

2) "Underwriting Revenue" includes IPOs, secondary offerings, convertible bonds, ATM offerings and publicly rated debt

3) "Institutional Brokerage" includes: cash and electronic trading, options, ADR, special situations and credit; "Institutional Services" includes: prime services, clearing, securities finance, commission management and recapture.

4) "Markets Revenue" includes brokerage revenue as well as management fees for prime services and miscellaneous fees presented in management fees and other revenue in economic income (loss) respectively

5) Includes equity, credit and macro publishing analysts

6) Total revenue is the sum of investment banking, brokerage, management fee, incentive income, investment income and other revenue

Summary Operating and Other Financial Information (Non-GAAP Unaudited) - Operating Co

\$ thousands	2019	2020					2021				
	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
SUMMARY ECONOMIC INCOME DATA											
Economic proceeds	\$933,550	\$224,156	\$559,440	\$272,828	\$505,555	\$1,561,977	\$685,227	\$389,433	\$358,817	\$451,056	\$1,884,531
Pre-tax economic income (loss) ¹	\$58,692	\$5,007	\$165,724	\$34,203	\$130,050	\$334,984	\$198,475	\$71,870	\$60,084	\$99,589	\$430,014
Economic income tax expense	\$0	\$0	\$0	\$0	\$0	\$0	\$53,191	\$19,261	\$15,111	\$22,090	\$109,654
Economic income (loss) ²	\$53,258	\$3,649	\$164,339	\$32,790	\$128,607	\$329,381	\$143,858	\$51,149	\$43,496	\$76,022	\$314,519
Economic operating income (loss) ²	\$73,661	\$9,077	\$169,996	\$3,846	\$134,507	\$352,036	\$147,041	\$54,488	\$47,044	\$80,094	\$328,661
RETURN ON AVERAGE COMMON EQUITY											
Annualized return on average common equity ³	11.0 %	5.6 %	95.7 %	20.2 %	69.2 %	49.4 %	66.8 %	24.8 %	20.2 %	34.4 %	37.6 %
PER COMMON SHARE INFORMATION											
Economic income per share (basic)	\$1.80	\$0.13	\$5.87	\$1.19	\$4.77	\$11.85	\$5.26	\$1.90	\$1.51	\$2.74	\$11.24
Economic Income per share (diluted)	\$1.70	\$0.13	\$5.61	\$1.09	\$4.24	\$11.16	\$4.29	\$1.51	\$1.33	\$2.42	\$9.64
Economic operating income per share (basic)	\$2.49	\$0.32	\$6.07	\$1.39	\$4.99	\$12.67	\$5.37	\$2.03	\$1.63	\$2.89	\$11.75
Economic operating income per share (diluted)	\$2.35	\$0.32	\$5.80	\$1.28	\$4.44	\$11.93	\$4.38	\$1.61	\$1.44	\$2.55	\$10.07
NON-INTEREST EXPENSES (EX. D&A)											
Compensation expenses	\$532,468	\$125,006	\$304,644	\$152,829	\$278,273	\$860,753	\$385,578	\$216,280	\$198,702	\$246,170	\$1,046,730
Non-compensation expenses	\$294,614	\$80,631	\$75,572	\$71,994	\$83,976	\$312,173	\$89,415	\$87,811	\$88,356	\$93,994	\$359,577
Fixed non-compensation expenses (ex. D&A) ⁴	\$140,327	\$35,816	\$33,878	\$32,974	\$38,998	\$141,666	\$35,707	\$40,329	\$40,312	\$43,704	\$160,053
Variable non-compensation expenses ⁴	\$154,287	\$44,815	\$41,694	\$39,020	\$44,978	\$170,507	\$53,707	\$47,482	\$48,044	\$50,290	\$199,524
Floor brokerage & trade execution costs	\$102,290	\$32,665	\$34,795	\$33,603	\$37,470	\$138,533	\$45,480	\$38,695	\$33,476	\$35,641	\$153,292
Client services & business development costs	\$41,214	\$9,365	\$1,820	\$1,519	\$2,714	\$15,418	\$2,691	\$3,399	\$5,222	\$7,179	\$18,491
Other variable non-compensation expenses	\$10,783	\$2,785	\$5,079	\$3,898	\$4,794	\$16,556	\$5,536	\$5,388	\$9,346	\$7,470	\$27,741
DEPRECIATION & AMORTIZATION											
Depreciation	\$7,274	\$2,234	\$2,383	\$3,222	\$2,593	\$10,432	\$2,560	\$2,667	\$2,864	\$2,910	\$11,001
Amortization	\$13,129	\$3,194	\$3,274	\$2,448	\$3,307	\$12,223	\$1,789	\$1,894	\$1,927	\$2,372	\$7,982
EXPENSE RATIOS											
Compensation to revenue ratio	57.0 %	55.8 %	54.5 %	56.0 %	55.0 %	55.1 %	56.3 %	55.5 %	55.4 %	54.6 %	55.5 %
Non-compensation expenses to revenue ratio	31.6 %	36.0 %	13.5 %	26.4 %	16.6 %	20.0 %	13.0 %	22.5 %	24.6 %	20.8 %	19.1 %
Fixed non-comp expense to revenue ratio (ex. D&A)	15.0 %	16.0 %	6.1 %	12.1 %	7.7 %	9.1 %	5.2 %	10.4 %	11.2 %	9.7 %	8.5 %
Variable non-comp expense to revenue ratio	16.5 %	20.0 %	7.5 %	14.3 %	8.9 %	10.9 %	7.8 %	12.2 %	13.4 %	11.1 %	10.6 %

1) Pre-tax economic income (loss) excludes preferred dividend payments

2) Economic Income (Loss) is calculated net of associated taxes. The Company has utilized all available federal net operating losses not subject to limitation during 2020.

3) See "Return on Common Equity (ROCE) Definition" page

4) Starting in Q321, a portion of our legal fees which are directly associated with revenues are now being presented as variable non-compensation expenses rather than fixed non-compensation expenses. As a result, variable expenses increased from what was previously reported by \$6.0 million, \$4.6 million and \$3.8 million for the nine months ended September 30, 2021, FY2020 and FY2019, respectively, while fixed non-compensation expenses were reduced by the same amounts.

3. ASSET CO

Revenue Metrics (Non-GAAP Unaudited) - Asset Co

<i>\$ thousands</i>	2019	2020					2021				
	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
MANAGEMENT FEE	\$1,976	\$204	\$168	\$262	\$312	\$946	\$316	\$299	\$295	\$289	\$1,200
Monthly run rate for period	\$165	\$68	\$56	\$87	\$104	\$79	\$105	\$100	\$98	\$96	\$200
INCENTIVE INCOME	\$1,132	\$(2,144)	\$983	\$1,319	\$1,769	\$1,927	\$(1,214)	\$514	\$(447)	\$(6)	\$(1,153)
INVESTMENT INCOME	\$3,111	\$(11,655)	\$(1,893)	\$(124)	\$5,108	\$(8,564)	\$3,090	\$(117)	\$391	\$2,650	\$6,014
OTHER REVENUE	\$58	\$0	\$2	\$2	\$1	\$5	(\$1)	\$0	(\$1)	(\$1)	(\$2)
TOTAL REVENUE	\$6,277	\$(13,594)	\$(740)	\$1,459	\$7,190	\$(5,686)	\$2,191	\$696	\$238	\$2,932	\$6,059

Summary Operating and Other Financial Information (Non-GAAP Unaudited) - Asset Co

\$ thousands	2019	2020					2021				
	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
SUMMARY ECONOMIC INCOME DATA											
Economic proceeds	\$6,277	\$(13,594)	\$(740)	\$1,459	\$7,190	\$(5,686)	\$2,191	\$696	\$238	\$2,932	\$6,059
Pre-tax economic income (loss) ¹	\$(8,202)	\$(15,888)	\$(2,763)	\$(745)	\$4,448	\$(14,948)	\$(1,643)	\$(4,668)	\$(4,812)	\$9,319	\$(1,800)
Economic income tax expense	\$0	\$0	\$0	\$0	\$0	\$0	\$(440)	\$(1,251)	\$(1,256)	\$2,489	\$(460)
Economic income (loss) ²	\$(9,560)	\$(16,228)	\$(3,074)	\$(1,028)	\$4,193	\$(16,136)	\$(1,474)	\$(3,655)	\$(3,777)	\$6,609	\$(2,291)
Economic operating income (loss) ²	\$(9,523)	\$(16,222)	\$(3,068)	\$(1,023)	\$4,198	\$(16,114)	\$(1,471)	\$(3,652)	\$(3,772)	\$6,614	\$(2,275)
RETURN ON AVERAGE COMMON EQUITY											
Annualized return on average common equity ³	(22.3)%	(152.0)%	(39.3)%	(9.6)%	27.3 %	(26.2)%	(10.2)%	(25.8)%	(27.3)%	38.5 %	(3.3)%
PER COMMON SHARE INFORMATION											
Economic income per share (basic)	\$(0.32)	\$(0.57)	\$(0.11)	\$0.04	\$0.16	\$(0.58)	\$(0.05)	\$(0.14)	\$(0.13)	\$0.24	\$(0.08)
Economic Income per share (diluted)	\$(0.31)	\$(0.57)	\$(0.10)	\$0.03	\$0.14	\$(0.55)	\$(0.04)	\$(0.11)	\$(0.12)	\$0.21	\$(0.07)
Economic operating income per share (basic)	\$(0.32)	\$(0.57)	\$(0.11)	\$0.04	\$0.16	\$(0.58)	\$(0.05)	\$(0.14)	\$(0.13)	\$0.24	\$(0.08)
Economic operating income per share (diluted)	\$(0.30)	\$(0.57)	\$(0.10)	\$0.03	\$0.14	\$(0.55)	\$(0.04)	\$(0.11)	\$(0.12)	\$0.21	\$(0.07)
NON-INTEREST EXPENSES (EX. D&A)											
Compensation expenses	\$5,070	\$699	\$438	\$957	\$1,674	\$3,767	\$2,819	\$4,133	\$4,186	\$(7,266)	\$3,871
Non-compensation expenses	\$3,924	\$154	\$110	\$133	\$(46)	\$350	\$(79)	\$55	\$38	\$174	\$187
Fixed non-compensation expenses (ex. D&A)	\$2,537	\$146	\$105	\$127	\$(50)	\$328	\$(84)	\$47	\$32	\$169	\$162
Variable non-compensation expenses	\$1,387	\$8	\$5	\$6	\$4	\$22	\$5	\$8	\$6	\$5	\$25
Floor brokerage & trade execution expenses	\$47	\$0	\$0	\$0	\$0	\$1	\$0	\$0	\$0	\$0	\$1
Client services & business development expenses	\$91	\$6	\$4	\$3	\$4	\$18	\$3	\$5	\$4	\$5	\$17
Other variable non-compensation expenses	\$1,249	\$1	\$0	\$2	\$0	\$4	\$2	\$3	\$2	\$0	\$7
DEPRECIATION & AMORTIZATION											
Depreciation	\$35	\$5	\$6	\$5	\$5	\$21	\$4	\$4	\$6	\$7	\$21
Amortization	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EXPENSE RATIOS											
Compensation to revenue ratio	80.8 %	N/A	N/A	65.6 %	23.3 %	N/A	128.7 %	593.8 %	1,758.8 %	N/A	63.9 %
Non-compensation expenses to revenue ratio	62.5 %	N/A	N/A	9.1 %	N/A	N/A	N/A	7.9 %	16.0 %	5.9 %	3.1 %
Fixed non-comp expense to revenue ratio (ex. D&A)	40.4 %	N/A	N/A	8.7 %	N/A	N/A	N/A	6.8 %	13.4 %	5.8 %	2.7 %
Variable non-comp expense to revenue ratio	22.1 %	N/A	N/A	0.4 %	0.1 %	N/A	0.2 %	1.1 %	2.5 %	0.2 %	0.4 %

1) Pre-tax economic income (loss) excludes preferred dividend payments

2) Economic Income (Loss) is presented net of associated taxes, starting in the first quarter of 2021, as the Company utilized all available net operating losses during 2020

3) See "Return on Common Equity (ROCE) Definition" page

4. APPENDIX

Return on Common Equity (ROCE) Definition

RETURN ON COMMON EQUITY:

$$\text{Return on Common Equity} = \frac{\text{Economic Operating Income}}{\text{Average Common Equity}}$$

where:

$$\text{Economic Operating Income} = \text{Economic Income} + \text{Depreciation \& Amortization}$$

$$\text{Average Common Equity} = \frac{\text{Common Equity (Beginning of Period)} + \text{Common Equity (End of Period)}}{2}$$

Note: Economic Income is after payment of preferred dividends, and in previous Financial Supplements (prior to 2Q'19) this metric was labeled "Economic Income Attributable to Common Shareholders." Labeling for prior reporting periods have been updated in this Financial Supplement.

Definition of US GAAP to Non-GAAP Financial Measures

In addition to the results presented in the Company's earnings press release in accordance with accounting principles generally accepted in United States of America ("US GAAP"), the Company presents supplemental financial measures that are not prepared in accordance with US GAAP. These non-GAAP financial measures include (i) Pre-tax Economic Income (Loss) (ii) Economic Income (Loss), (iii) Economic Operating Income (Loss), (iv) Economic Proceeds and related components, (v) Net Economic Proceeds and related components, (vi) Economic Expenses and related components and (vii) related per share measures. The Company believes that these non-GAAP financial measures, viewed in addition to, and not in lieu of, the Company's reported US GAAP results, provide useful information to investors and analysts regarding its performance and overall results of operations as it presents investors and analysts with a supplemental operating view of the Company's financials to help better inform their analysis of the Company's performance.

These Non-GAAP financial measures are an integral part of the Company's internal reporting to measure the performance of its business segments, allocate capital and other strategic decisions as well as assess the overall effectiveness of senior management. The Company believes that presenting these non-GAAP measures may provide expanded transparency into the Company's business operations, growth opportunities and expense allocation decisions.

The Company's primary non-GAAP financial measures of profit or loss are Pre-tax Economic Income (Loss), Economic Income (Loss) and Economic Operating Income (Loss). Pre-tax Economic Income (Loss) is a pre-tax measure which (i) includes management reclassifications which the Company believes provides additional insight on the performance of the Company's core businesses and divisions; (ii) eliminates the impact of consolidation for Consolidated Funds; and excludes (iii) goodwill and intangible impairment, (iv) certain other transaction-related adjustments and/or reorganization expenses, as well as (v) certain costs associated with debt. Economic Income (Loss) is a similar measure, but after tax, which includes the Company's income tax expense or benefit calculated on Pre-tax Economic Income (Loss) once all currently available net operating losses have been utilized (this occurred during tax year 2020) and is presented after preferred stock dividends. Economic Operating Income (Loss) is a similar measure to Economic Income (Loss), but before depreciation and amortization expenses. The Company believes that these non-GAAP financial measures provide analysts and investors transparency into the measures of profit and loss management uses to evaluate the financial performance of and make operating decisions for the segments including determining appropriate compensation levels. Additionally, the measures provide investors and analysts with additional insight into the activities of the Company's core businesses, taking into account, among other things, the impact of minority investment stakes, securities borrowing and lending activities and expenses from investment banking activities on US GAAP reported results. The Company presents Pre-tax Economic Income (Loss) in addition to Economic Income (Loss) and Economic Operating Income (Loss) to provide insight to investors and analysts on how the Company manages its tax position over time.

In addition to Pre-tax Economic Income (Loss), Economic Income (Loss) and Economic Operating Income (Loss), the Company also presents Economic Proceeds, Net Economic Proceeds, Economic Expenses, as well as their related components. These measures include management reclassifications and the elimination of the impact of the consolidation for Consolidated funds as described above. These adjustments are meant to provide comparability to our peers as well as to provide investors and analysts with transparency into how the Company manages its operating businesses and how analysts and investors review and analyze the Company's and its peers' similar lines of businesses. For example, among others, within the Company's Op Co business segment, investors and analysts typically review and analyze the performance of investment banking revenues net of underwriting expenses and excluding the impact of reimbursable expenses. Additionally, the performance of the Company's Markets business is typically analyzed as a unit incorporating commissions, interest from securities financing transactions and gains and losses from proprietary and facilitation trading. The Company's investment management business performance is analyzed and reviewed by investors and analysts through investment income, incentive income and management fees. The presentation of Economic Proceeds, Net Economic Proceeds, Economic Expenses as well as their related components align with these and other examples of how the Company's business activities and performance are reviewed by analysts and investors in addition to providing simplification related to legacy businesses and investments for which the Company maintains long-term monetization strategies. Additionally, the Company manages its operating businesses to an Economic Compensation-to-Proceeds ratio. Presentation of Economic Compensation Expense and Economic Proceeds provides transparency in addition to the Company's US GAAP Compensation Expense.

Reconciliations to comparable US GAAP measures are presented along with the Company's Non-GAAP financial measures. The non-GAAP measures presented herein may not be comparable to similarly titled measures presented by other public companies and are not identical to corresponding measures used in our various agreements or public filings.

These Non-GAAP measures should not be considered in isolation or as a substitute for revenue, expenses, net income, operating cash flows, investing and financing activities, or other income or cash flow statement data prepared in accordance with US GAAP. As a result of the adjustments made to arrive at Economic Income (Loss), Economic Income (Loss) has limitations in that it does not take into account certain items included or excluded under US GAAP, including its consolidated funds.